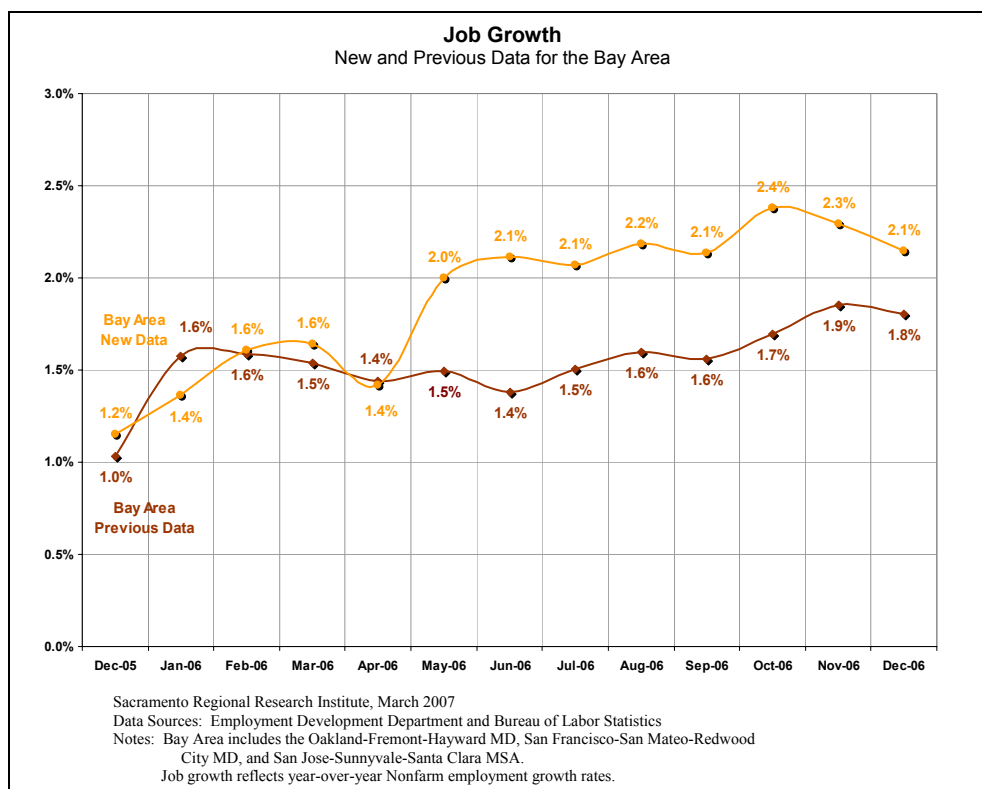
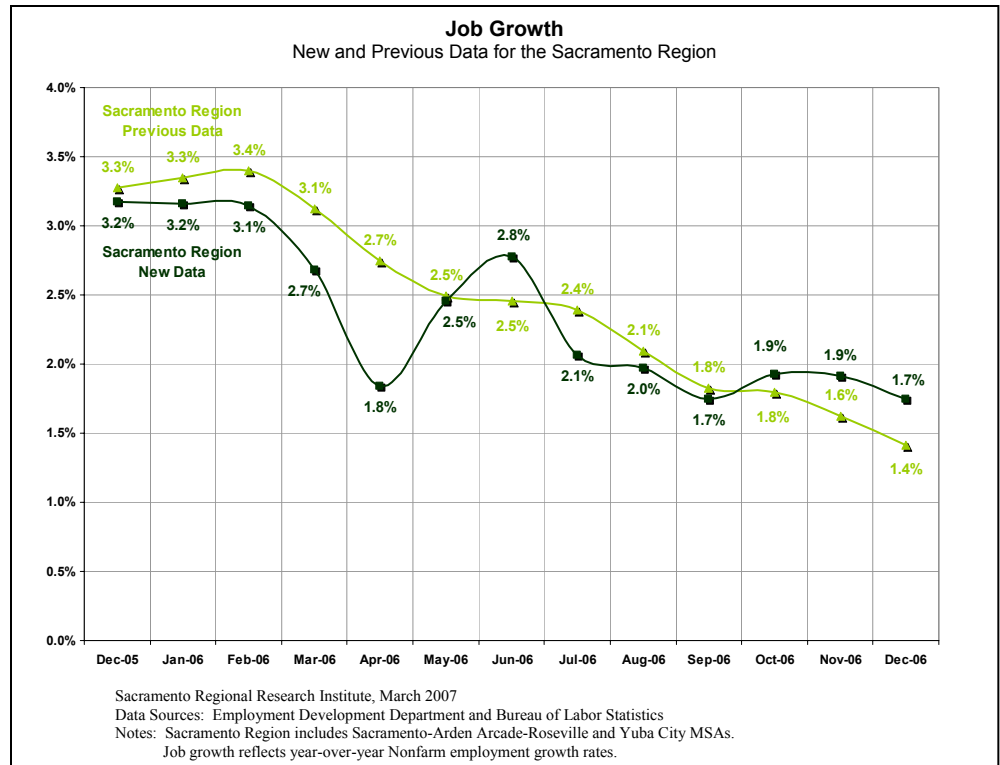


### EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

Revised data shows slightly lower job growth in the Sacramento Region throughout 2006 while new data for the Bay Area demonstrates more robust growth.

Every year the Employment Development Department (EDD) benchmarks their employment data to reflect more precise information derived from detailed tax and payroll records. On a monthly basis, EDD generates employment estimates based on a sample of employers. When new tax and payroll information becomes available, the estimates are revised to provide a more accurate accounting of employment by industry.

Unlike previous years, EDD's revisions did not result in a notable upward revision for the six-county Sacramento Region. In fact, the Region saw lower year-over-year employment growth rates for a number of months in the past year. The average monthly difference in job growth between the previous and benchmarked data in 2005 was 0.8 percentage points, whereas data for 2006 shows an average difference of -0.1 percentage points. The benchmarked data also demonstrates a different job growth trend than the generally declining pattern the previous data was showing throughout 2006. Calculations derived from the new data show that the Region posted a sharp decline from January to April 2006, experienced a rebound through June 2006, and saw a general decline through the end of the year. Job growth for the end of 2006 was somewhat higher than what was being presented in the previous data with moderate growth between 1.7 and 1.9 percent compared to between 1.4 and 1.8 percent.



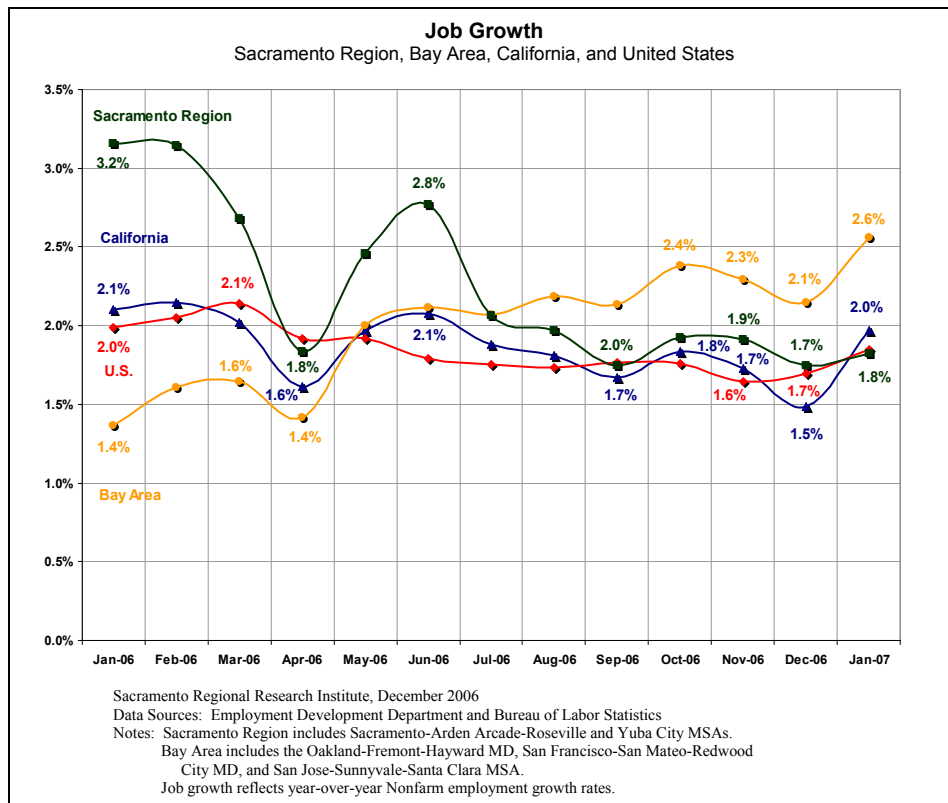
Similar to last year, the benchmarking process produced a general upward revision for the Bay Area. Unlike the Sacramento Region, compared to the previous data, the new data presents a similar job growth pattern in the Bay Area with significantly higher year-over-year employment growth rates in the second half of 2006. On average, monthly job growth in the Bay Area is 0.4 percentage points higher using the benchmarked data for 2006. The difference is particularly pronounced between May and December 2006 where the previous data showed a range of 1.4 to 1.9 percent and the new data presents relatively strong growth between 2.0 and 2.4 percent.

*Downward revisions in the Sacramento Region's Construction; Professional & Business Services; Manufacturing; and Leisure & Hospitality sectors led to slightly lower growth overall.*

The Sacramento Region's benchmarked data shows notably higher job gains in three sectors than what was reflected in the previous data—Educational & Health Services; Trade, Transportation, & Utilities; and Financial Activities. Combined, employment gains in these three sectors increased by 4,950 jobs as a result of the benchmarking process. Four sectors balance out these upward revisions with considerably lower gains reflected in the new data—Leisure & Hospitality; Manufacturing; Professional & Business Services; and Construction. It is important to note that Construction shifted from a limited annual average job gain between 2005 and 2006 using the previous data to a fairly large annual average decline with the new data, demonstrating an even more pronounced slowdown in the Region's housing-related activities. (Natural Resource & Mining experienced the opposite, shifting from negative to positive growth with the benchmark revisions.) Overall, six of the Region's 11 major sectors experienced an upward revision, but the downward revisions in the remaining five sectors outweighed those improvements, resulting in a slightly lower level of growth on an annual average basis with the benchmark.

<b>Major Sector Employment Gains and Losses</b> New and Previous Data for the Sacramento Region			
Sector	Annual Average 2005-2006		
	Previous Data	New Data	Difference
Total Nonfarm	21,942	20,983	-958
Private Sector	17,075	16,167	-908
Public Sector	4,867	4,817	-50
Edu. & Health Svcs.	1,692	4,050	2,358
Trade, Trans., & Util.	3,208	4,692	1,483
Financial Activities	725	1,833	1,108
Information	-633	-42	592
Other Services	42	133	92
Nat. Res. & Mining	-25	58	83
Government	4,867	4,817	-50
Leisure & Hospitality	4,867	3,842	-1,025
Manufacturing	1,283	217	-1,067
Prof. & Business Svcs.	5,050	3,625	-1,425
Construction	867	-2,242	-3,108

Sacramento Regional Research Institute, March 2007  
Data Source: Employment Development Department



The new data shows that the Sacramento Region has posted declining job growth since the spike in June 2006 due to continued housing-related slowdowns plus slower growth in a handful of sectors including Professional & Business Services and Manufacturing. In recent months, job growth has flattened out somewhat. Between January 2006 and 2007, the Region saw 1.8 percent employment growth, reflecting a gain of 16,900 jobs (led by the Government; Educational & Health Services; and Leisure & Hospitality sectors). This job growth fell around the same level as the national average, but below the statewide average and the Bay Area. In the past year, the state and the nation have presented fairly stable job growth, averaging around 1.9 percent and 1.8 percent, respectively. The Bay Area, on the other hand, has experienced a tremendous improvement over the past 12 months, moving from 1.4 percent year-over-year employment growth in January

2006 to 2.6 percent in January 2007 (showing a gain of 72,600 jobs). Since August 2006, the Bay Area's job growth has consistently surpassed the Sacramento Region as well as the statewide and national averages. Recent growth has been driven by the Professional & Business Services; Educational & Health Services; and Leisure & Hospitality sectors.

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